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The Director of Central Intelligence

Washington, D.C. 20505

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National Intelligence Council

NIC 05675-86
18 December 1986

MEMORANDUM FOR: Acting Director of Central Intelligence

FROM: Deane E. Hoffmann
National Intelligence Officer for Economics

SUBJECT: Economic Policy Council Meeting Today at 1400

1. Action: None. Background for the EPC Meeting of 18 December on Global Competitiveness.

2. The meeting is scheduled to present to the President a package on improving the US competitive position to be used, likely as a theme in the State of the Union Address. The overall package is a glossy re-statement of old chestnuts including: improving education, enhanced access to patent information, federal deficit reduction, greater policy coordination with major foreign countries, teaching foreign language at an earlier age, etc. The objective is to put the Administration out front on this issue before the new Congress has time to draft its own package.

3. On the issue of export controls, Commerce and Defense settled on language that essentially says the President wants to (a) bring our export licensing criteria and COCOM enforcement programs in line with those of our allies, and (b) reduce by half the time it takes to rule on export licenses.

4. I reworked the talking points prepared [] for your luncheon with Danzansky, Taft, and Smart. [] Steve Bryen at DOD has seen and commented negatively on the draft TTAC paper on the lack of effectiveness of export controls.

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5. None of the EPC members sees the overall package as a major new substantive initiative. UnderSecretary Darman warns that with a Democratic Senate controlling the agenda, proposals such as this will have a very short lifespan. Commerce and State are vigorously behind an initiative on export controls, arguing that industry will attack the program as hollow without

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some movement on export controls. Baker does not want any one contentious issue to upset the positive message of the overall package.

6. Although the press is aware the Administration will present this initiative, there have been no leaks on the substance of the program.



Deane E. Hoffmann

Attachments:

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A. Competitiveness: Export Controls

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B. Export Controls: Forces for Change

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C. US Export Control Overview (from TTAC paper)

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D. High Technology Losses to the Bloc: Anatomy of a Diverter
(from TTAC paper)

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E. Talking Points (from TTAC paper)

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